

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB310

Hearing Date: Thursday February 18, 2021
Committee On: Revenue
Introducer: Clements
One Liner: Change inheritance tax rates and exemption amounts

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	6	Senators Albrecht, Briese, Flood, Friesen, Lindstrom, Linehan
Nay:	2	Senators Pahls, Bostar
Absent:		
Present Not Voting:		

Oral Testimony:

Proponents:

Senator Robert Clements
Richard Clements
Sarah Curry

Representing:

Introducer
Self
Platte Institute

Opponents:

Larry Dix
Ron Nolte
Deb Schorr
Larry Temme
Dennis Ostgren
Joe Lorenz
Lavon Heidemann

Representing:

NACO
Cass County Commissioners
Lancaster County
Boone County Commissioners
Phelps County, NACO
Douglas County
Nebraska Cattlemen, Nebraska Corn Growers, Nebraska Soybean Growers Association, NACO

Neutral:

John Ross

Representing:

Self

Submitted Written Testimony:

Proponents:

Jerry Stillmock

Representing:

National Federation of Independent Business

Opponents:

Camdyn Kavan

Representing:

OpenSky Policy Institute

Neutral:

Representing:

Summary of purpose and/or changes:

LB310 will make changes to the exemption amounts and Inheritance Tax Rates. The tax rate in all the Tables applies to the clear market value of the property in excess of the Exemption Amount.

Table 1. Current Structure of Inheritance Tax

Relation to Deceased: Immediate relatives & siblings, Beneficiary Class: 1, Tax Rate: 1%, Exemption Amount: \$40,000

Relation to Deceased: Remote relatives, Beneficiary Class: 2, Tax Rate: 13%, Exemption Amount: \$15,000

Relation to Deceased: Non-relatives, Beneficiary Class: 3, Tax Rate: 18%, Exemption Amount: \$10,000

This bill proposes to maintain the current structure of the Inheritance Tax found in Table 1 above for decedents dying prior to January 1, 2022.

Table 2 shows the proposed changes to the Inheritance Tax for decedents dying during calendar year 2022.

Table 2. Structure of Inheritance Tax for Decedents Dying During Calendar Year 2022

Relation to Deceased: Immediate relatives & siblings, Beneficiary Class: 1, Tax Rate: 1%, Exemption Amount: \$150,000

Relation to Deceased: Remote relatives, Beneficiary Class: 2, Tax Rate: 11%, Exemption Amount: \$60,000

Relation to Deceased: Non-relatives, Beneficiary Class: 3, Tax Rate: 15%, Exemption Amount: \$40,000

The proposed structure for the Inheritance Tax for decedents dying during calendar year 2023 is shown in Table 3.

Table 3. Structure of Inheritance Tax for Decedents Dying During Calendar Year 2023

Relation to Deceased: Immediate relatives & siblings, Beneficiary Class: 1, Tax Rate: 0.75%, Exemption Amount: \$150,000

Relation to Deceased: Remote relatives, Beneficiary Class: 2, Tax Rate: 9%, Exemption Amount: \$62,500

Relation to Deceased: Non-relatives, Beneficiary Class: 3, Tax Rate: 12%, Exemption Amount: \$42,500

Table 4 shows the proposed structure for the Inheritance Tax for decedents dying during calendar 2024.

Table 4. Structure of Inheritance Tax for Decedents Dying During Calendar Year 2024

Relation to Deceased: Immediate relatives & siblings, Beneficiary Class: 1, Tax Rate: 0.5%, Exemption Amount: \$160,000

Relation to Deceased: Remote relatives, Beneficiary Class: 2, Tax Rate: 6%, Exemption Amount: \$65,000

Relation to Deceased: Non-relatives, Beneficiary Class: 3, Tax Rate: 9%, Exemption Amount: \$45,000

For subsequent years, the Tax Rate will remain the same as shown in Table 4. The Exemption Amount will increase by \$5,000 for Class 1 Beneficiaries; \$2,500 for Class 2 and Class 3 Beneficiaries.

For any calendar year, if any interest in property which may be valued at a sum less than or equal to the Exemption Amount will not be subject to tax.

Explanation of amendments:

The amendment does the following:

-The amendment changes the exemption amount and the rate of taxation under the inheritance tax.

-The changes apply for decedents dying on or after January 1st, 2022. For class one beneficiaries the exemption amount is increased from \$40,000 to \$100,000 and the rate remains at 1%. For class two beneficiaries the exemption amount is

increased from \$15,000 to \$40,000 and the tax rate is reduced from 13% to 11%. For class three beneficiaries the exemption amount is increased from \$10,000 to \$25,000 and the tax rate is reduced from 18% to 15%. Any person under the age of 22 is not subject to the inheritance tax.

- The amendment requires annual reports by the county treasurers beginning on or before July 1st, 2022, and before July 1st each year thereafter.

- The reports shall be submitted to the Department of Revenue for all classes of beneficiaries and shall include the amount of inheritance tax revenue generated by each class of beneficiaries, and the number of beneficiaries in each class who received property subject to the tax. The reports shall also include the number of beneficiaries who received any property that was subject to the tax who do not reside in this state.

The Committee voted to amend AM561 to exempt anyone under the age of 22 from the inheritance tax.

7 Yes - Linehan, Lindstrom, Albrecht, Briese, Flood, Friesen, Pahls

1 No - Bostar

The Committee voted to amend LB310 with AM561 as amended.

6 Yes - Linehan, Lindstrom, Albrecht, Briese, Flood, Friesen

2 No - Bostar, Pahls

Lou Ann Linehan, Chairperson